Pellegrino, Rachel

From:	Morris, Craig
Sent:	Tuesday, January 04, 2011 5:30 PM
To:	Brown, Brian (TM)
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From: Leslie Ruiter [(b)(6)]
Sent: Tuesday, November 02, 2010 8:01 PM
To: TMFeedback
Subject: Small Business Study

1. Submitted by Leslie C. Ruiter, 20-year Trademark Practitioner, Partner, Stokes Lawrence P.S. We manage a portfolio of about 1000 registrations. All of the clients and situations referenced below involved small/medium size business owners. The numbers refer to those of the questions posed by the TTCAA.

2.3.4. A client was involved in cease and desist letters and federal court litigation and was threatened by several U.S. trademarks owned by Burberry, Ltd. Burberry, the trademark owner, has some legitimate rights, but far overreached their rights by using the US registrations for generic plaid patterns and relying in part on the "descriptions of the mark" which were, in my opinion, should not have been allowed under the TMEP. The involved registrations/descriptions were some of the following:

- Reg. No. 3529814: "The mark also consists of a repeating check design applied in whole or in part on or in connection with the goods or services. The mark is not limited to position or placement.
- Reg. No. 2845852: "...broken lines in the perimeter signify that the mark is not limited to position or placement."
- Reg. No. 2728709. "The mark consists of a design applied in whole and in part on or in connection with the goods. The broken lines in the drawing signify that the mark is not limited to position or placement. The lining is a feature of the mark and is not intended to indicate color."

When a registration is allowed such as the last one, for a generic tartan plaid pattern that has been used for centuries, with no color limitations, its bad enough for retail store owners or any small business owner. Burberry sends out cease and desist letters to anyone and everyone who uses fabric, paper, or design on their product that is a plain plaid or a portion of a plain plaid in any color. The problem is made worse by the inappropriate descriptions of the mark in the registrations, which confuse judges into thinking that Burberry has rights in any few intersecting lines on any product. Because of this inappropriate description, a federal court would be unlikely to grant summary judgment. The law suit resulted in a settlement with the products being pulled from shelves and destroyed, even though the trademark rights claimed were far beyond the scope of the registration and the registration granted far beyond the rights that can or should be granted by the USPTO. I am aware of at least two other instances of overreaching threats by Burberry. In my opinion, Burberry is attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted.

I am also aware of two instances where retail clients received inappropriate cease and desist letters claiming rights based on US registered trademarks; it is typically design registrations and usually famous marks in one area that the company is attempting to leverage into licensing of hundreds of new product categories for

lucrative licensing deals. (e.g. Volkswagen trying to claim rights in cupcake pan designs that look like Beetles.) The letters result in pulling products from the shelves even though no trademark infringement was occurring, simply based on the relative cost of litigation to the profit from one item among many in a retail store. The cease and desist letters generally come from outside organizations hired to enforce trademark rights by owners, and are intended to elicit small (some might say "blackmail") payments and gather more information about other infringers. Many of these outside organizations exist in Indiana, where I understand there is a uniquely dangerous state trademark law.

5. I was involved in one opposition/cancellation proceeding against the owner of **CERTIFIED ELECTRONICS RECYCLER** Reg. No. 2679182 in which the trademark owner attempted to "bully" the Opposer into a consent agreement so they could (together) retain exclusive rights to a generic mark. The USPTO had allowed registration on the supplemental register of a completely generic phrase in the recycling industry. The trademark owner also threatened to file a cancellation against an unrelated mark owned by Opposer as a counterclaim in the opposition, which would have had the effect of increasing the cost and complexity of the opposition significantly. Apparently TTAB rules allow such a counterclaim, even where the opposers mark is entirely unrelated to the mark in the underlying opposition. There is little recourse when attorneys abuse the TTAB procedures, because the TTAB has little sanctioning authority and no ability to impose consequences.

6. *Do you think trademark "bullies" are currently a problem for trademark owners, and if so, how significant is the problem*? Yes, a real problem.

7. *Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law*? No, less so.

8. *Do you think the USPTO has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should the USPTO do*? Don't allow generic marks to issue; don't allow descriptions of goods or marks that are vague or would allow arguments about broad rights to have traction in federal court; give the PTO sanction power - to award fees for failure to follow orders on discovery for example.

9. *Do you think the U.S. courts have a responsibility to do something to discourage trademark bullies? If yes, what should the U.S. courts do?* They can't do much because most of the bullying happens on matters not quite big enough for federal courts. The Lanham Act could be amended to make explicit that federal courts have primary jurisdiction over oppositions and cancellations as well as infringement; this would avoid motions to dismiss in federal court and allow some small businesses to choose a forum where Rule 11 and sanctions and fees are available when there is a particularly difficult or well healed opponent.

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